Common Sense Wall Street Reform
By Stephanie Herseth Sandlin

The financial crisis of 2008 and the severe economic recession that followed have had significant impacts on every aspect of American life. South Dakota may be hundreds of miles from Wall Street, but we felt it too. We have as much at stake in financial regulatory reform as anyone else, because South Dakota isn't insulated from higher unemployment, less access to credit and a stagnant economy. That's why it's critically important to ensure this near financial collapse never happens again by addressing gaps and failures in the regulatory system that contributed to the meltdown.

The recent revelation that Wall Street investment bank Goldman Sachs has allegedly been defrauding investors is a further indication that reform is needed. Goldman Sachs is accused of creating a complicated investment product that was designed to fail, then marketing it to investors while their friends in the hedge fund industry bet against it and reaped huge profits – all the while Goldman's own costumers suffered enormous losses.

That kind of scheme is really no different than Bernie Madoff's, and it is exactly the type of unethical and irresponsible behavior that financial regulatory reform would put an end to. I'm proud to be leading an effort in calling for the SEC to expand its investigation into Goldman Sachs – and not just on this latest news. Goldman Sachs also worked with A.I.G., whose collapse resulted in billions of dollars in taxpayer funds necessary to save the company. We need to know if fraud on the part of Goldman Sachs contributed to taxpayer losses in A.I.G., and if so, we need to make sure that those losses are recovered and returned to the taxpayers. It's unconscionable that the firms that were most responsible for the financial collapse due to their questionable and unaccountable practices would be rewarded with billions in taxpayer dollars. That's why I voted against these bailouts in the first place, but we need to do more to ensure it doesn't happen again.

Looking forward, Congress must ensure that the financial crisis of 2008 and the deepening of the economic recession it left in its wake don't happen again, which is why I supported House passage last year of the Wall Street Reform and Consumer Protection Act, a comprehensive package of reforms that will address many of the root causes and abuses that contributed to the financial crisis and recession.

It includes stronger protection for consumers and investors, and enhanced enforcement capabilities for the Securities and Exchange Commission and the Commodity Futures Trading Commission. The bill will crack down on many of the dangerous practices in the mortgage industry that contributed to the recent wave of foreclosures, and provide greater transparency and accountability with regard to the compensation policies of public companies and Wall Street.

One of the critically important issues in the House legislation for South Dakota is the regulation of derivatives. The House Agriculture Committee, on which I serve, played a crucial and early role in writing the portion of this bill that will address volatility in the commodity markets and work to strengthen oversight of the over-the-counter (OTC) derivatives markets. These markets serve important price discovery and risk management roles for producers and businesses across South Dakota. This legislation will for the first time, impose comprehensive regulation of the OTC derivatives marketplace, bringing these largely unregulated markets under a robust regulatory regime with strong transparency and accountability measures.

President Obama recently called on Congress to pass common sense reforms that hold Wall Street accountable, and I am hopeful we can send a final version of the reform bill to his desk soon.